

U.S. Department of Labor



Employment and Training Administration

REGION V

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Chicago, IL 60604-1505

<http://www.doleta.gov/regions/reg05>

July 20, 2012

Teresa Wahlert, Director  
Iowa Workforce Development, Director  
430 E. Grand Ave., 3rd Floor  
Des Moines, Iowa 50309

RE: Review of Workforce Programs in Iowa

Dear Ms. Wahlert:

During the period of March 26, 2012 – April 27, 2012, the U.S. Department of Labor, Employment and Training Administration (ETA) and Veterans Employment and Training Services (VETS) conducted a review of programs in your state. This included on-site visits to the Iowa Workforce Development Office in Des Moines and to Local Workforce Investment Areas (Regions) 7 and 8. A preliminary exit conference was held on-site with IWD staff on April 27, 2012, followed by a final exit conference call on June 7, 2012. The enclosed report outlines the review scope, and identifies compliance findings, areas of concern, and positive practices for the ETA funded programs.

The report identifies 25 compliance findings, each of which requires corrective action. Please submit a response to all findings to ETA's Chicago Regional Office within 45 days of this report. The report also identifies 11 Areas of Concern, each of which is accompanied by a technical recommendation aimed at improving the general management and administration of programs. While you are not required to respond to the Areas of Concern, your comments and description of any planned actions pertaining to the concerns will be appreciated. Please submit your response electronically to: [oss.etar5@dol.gov](mailto:oss.etar5@dol.gov).

I hope that our review has been helpful to you. Please express our appreciation to your staff and the local program operators for their cooperation and assistance during this review. If you have any questions, please feel free to contact me or Marium Baker at (312) 596-5526.

Sincerely,

  
BYRON ZUIDEMA  
Regional Administrator

cc: Ms. Lori Adams  
Ms. Barbara Bobb  
Ms. Carol Paulus  
Mr. Michael Wilkinson

Enclosure

# **Monitoring Report**

## **State of Iowa – Iowa Workforce Development**

Programs as Identified in Review Scope

Issued by the Chicago Regional Office  
July 20, 2012

**eta**

**UNITED STATES DEPARTMENT OF LABOR  
EMPLOYMENT AND TRAINING ADMINISTRATION**

# **1 State of Iowa Comprehensive Review**

## **EXECUTIVE SUMMARY**

The U.S. Department of Labor, Employment and Training Administration (ETA) recently conducted a comprehensive review of the Iowa Workforce Development (IWD) Workforce Investment Act (WIA) Title I Dislocated Worker and Youth Formula Grants, Governance, Statewide funds and Rapid Response Funds and Waivers; Trade Adjustment Assistance (TAA) program and Trade Readjustment Allowances (TRA); Program Performance, Reporting and Data Validation for WIA and Wagner-Peyser; Veterans Employment and Training Services (VETS), Unemployment Insurance Worker Profiling and Reemployment and Eligibility Assessment (REA) Programs and the Worker Opportunity Tax Credit (WOTC). We also conducted concurrent reviews of the Electrolux National Emergency Grant (NEG) (IA 50) in Region 8 and the Rockwell NEG (IA 54) in Region 7, and a desk review and analysis of all National Emergency Grants in the state.

The purpose of the review was to evaluate the management and administration of grants, the quality of programs and/or services, and the performance of the grants, in order to determine if the programs are operating in compliance with the grant agreements and in a manner that will ensure achievement of the grant goals and outcomes.

The report is organized into 5 sections corresponding to the content areas in the Core Monitoring Guide, as listed below. In each section are compliance findings, areas of concern and positive practices related to that subject area.

Core Activity 1: Design and Governance. Findings relate to the local area plans, REA case managers, youth services and Youth Council functions.

Core Activity 2: Program and Grant Management Systems. Findings relate to One Stop Partner MOU, WIA performance, Local Board oversight/monitoring, procurement and governance.

Core Activity 3: Financial Management Systems. Findings relate to NEG expenditures, cost allocation and financial reporting.

Core Activity 4: Service/Product Delivery. Findings relate to ETPL, training eligibility, customer choice, NEG transportation assistance, timeframe for enrollment in NEG training and NEG participant file review.

Core Activity 5: Performance Accountability. Finding relates to the State not scheduling enough REAs to meet REA performance goals.

ETA identified 25 findings of non-compliance with Federal requirements, 11 areas of concern, and two (2) positive practices. All of the compliance related findings and corrective actions outlined in the body of the report require a response from the IWD to the ETA Regional Office within 45 days of receipt of the report. It is ETA's expectation that the State will develop



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corrective action plans, as appropriate. ETA Regional Office staff will be available to assist the IWD as necessary. There are no questioned costs at this time as a result of this review. However, the required follow-up on some findings may result in questioned costs in the future.

### **REVIEW SCOPE**

#### **Review Period**

March 26, 2012 – April 27, 2012

#### **Sites Visited**

Iowa Department of Workforce Development, Des Moines, IA  
Region 8, Carroll, IA  
Region 7, Waterloo, IA

#### **ETA Reviewers**

##### Federal Project Officers

Marium Baker  
Arlene Charbonneau  
Jean Grochowski  
Stacy O’Keefe

##### Fiscal

Chanel Castaneda  
Michael Jackson  
Lorraine Jamison  
Nancy Williams

##### REA/RES

William Kea  
John Scott

##### Trade

Julie Baker

##### Performance Reporting

Clay Webb

##### WOTC

Alice Mitchell



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#### **Time Period for Data Covered in Review**

July 1, 2009 to June 30, 2012

#### **Date of Exit Conference**

June 7, 2012 via Teleconference

#### **Programs Reviewed**

WIA Title 1: Dislocated Worker and Youth Formula Grants, Governance, Statewide 15% and Rapid Response Funds, Worker Opportunity Tax Credit (WOTC)

Current Active National Emergency Grants' (NEG) expenditure analysis

National Emergency Grant (NEG) IA50 – Electrolux

National Emergency Grant (NEG) IA54– Rockwell

Trade Adjustment Assistance (TAA) program, Trade Readjustment Allowances (TRA)

Reemployment Programs: Worker Profiling and Reemployment Service (WPRS) System  
Reemployment and Eligibility Assessment (REA) Programs, including American Recovery and Reinvestment Act (ARRA) funded Activities

Program Performance, Reporting, and Data Validation for WIA, Wagner-Peyser

Veterans Employment and Training Services (VETS)

#### **The purpose of the review was to:**

- Evaluate the IWD's administration of the above named programs to ensure compliance with programmatic, financial and administrative requirements as defined in the applicable Office of Management and Budget (OMB) Circulars and federal regulations.
- Assess the quality of grant programs and services.
- Identify technical assistance needs.

In order to make the above assessments, ETA staff interviewed IWD, local area and service provider staff, and reviewed policies, procedures, records and participant files.

## **REVIEW SCOPE – CORE MONITORING GUIDE**

The reviewers used ETA's Core Guide as the primary tool for conducting the review. The following areas of the Core Guide were covered in the review:

### **Core Activity 1: Design and Governance**

- Objective 1.1: Strategic Planning
- Objective 1.2: Service Design
- Objective 1.3: Program Integration

### **Core Activity 2: Program and Grant Management System**

- Objective 2.1: Administrative Controls
- Objective 2.2: Personnel
- Objective 2.3: Civil Rights
- Objective 2.6: Equipment
- Objective 2.7: Procurement
- Objective 2.8: Audit and Audit Resolution
- Objective 2.9: Reporting Systems

### **Core Activity 3: Financial Management Systems**

- Objective 3.1: Budget Controls
- Objective 3.2: Cash Management
- Objective 3.4: Cost Allocation
- Objective 3.5: Allowable Costs
- Objective 3.6: Internal Controls
- Objective 3.7: Financial Reporting

### **Core Activity 4: Service/Product Delivery**

- Objective 4.1: Operating Systems
- Objective 4.2: Participant Files
- Objective 4.4: Integrated Services
- Objective 4.5: Business Relationships

### **Core Activity 5: Performance Accountability**

- Objective 5.1: Service Goals
- Objective 5.2: Performance Outcomes
- Objective 5.4: Performance Data

The reviewers also used ETA's Worker Profiling and Reemployment Services System and the Reemployment Eligibility Assessment monitoring review guides for conducting the review.

The review did not cover any areas outside the defined scope. Although no material issues came to the reviewers' attention other than those contained in this report, there is no assurance that other issues do not exist.

### Core Activity 1: Design and Governance

#### COMPLIANCE FINDINGS

##### **Finding 1: Local Area Plan Missing Required Elements – Region 8** (Objective 1.1 - Strategic Planning)

Region 8's local plan does not include two required elements: 1) a description of how the board will ensure continuous improvement of eligible providers of services, and 2) a description of the competitive process to be used to award grants and contracts under WIA Title 1.

20 CFR 661.350 outlines the required elements of a local workforce investment plan. Per this section at (a)(3)(i), the local plan must include a description of how the Local Board will ensure continuous improvement of eligible providers of services and ensure that such providers meet the employment needs of local employers and participants. 20 CFR 661.350(a)(10) goes on to state that the plan must include a description of the competitive process to be used to award grants and contracts. Both of these elements of a local plan are necessary to ensure the on-going provision of high quality services and the achievement of performance goals.

**Required Action:** The State must ensure that Region 8's local plan is revised to include all required elements as outlined in the regulations.

##### **Finding 2: REA Case Managers Not Setting UI Eligibility Issues - State** (Objective 1.2 - Service Design)

The REA Case Managers are not referring claimants' cases to adjudications when issues are identified during the UI Eligibility Assessment. Unemployment Insurance Program Letter (UIPL) 10-11 states that the REA must include an UI eligibility assessment and referral to adjudication, as appropriate, when a potential issue is identified.

Specifically, while observing a REA the reviewer's noted that when a claimant said that they could not attend a required activity because of child care issues the REA Case Manager did not identify this as a potential disqualifying factor related to the claimant's UI benefits.

**Required Action:** The State must ensure claimants' cases are properly referred to adjudication when issues are identified. The State must evaluate whether their current policy and training materials are appropriate. If changes are needed, it must make necessary changes and provide ETA with updated copies. The State must also provide training to the REA Case Managers.



**Finding 3: Lack of Objective Assessment and Individual Service Strategy for WIA Youth Participants – Region 7**

(Objective 1.2 - Service Design)

Region 7 staff does not complete an Objective Assessment and Individual Service Strategy (ISS) for youth participants. As described in WIA section 129(c) (29 U.S.C 2854) and 20 CFR 664.405 (a)(1) and (2), local youth programs must provide an Objective Assessment and develop an ISS for each youth participant.

Twenty participant case files were randomly selected and reviewed. None of the files contained an Objective Assessment and ISS. Staff interviewed stated the “WIA Initial Youth Assessment” and “Employment Plan” documents contained in the files served as the ISS. A review of both documents revealed the WIA Initial Youth Assessment is an application for WIA services while the Employment Plan is a record of the services provided to each youth participant. Neither document contained the necessary information that is required in the Objective Assessment and ISS. Objective Assessments include a review of basic skills, occupational skills, prior work experience, employability, interests, aptitudes, supportive service and development needs. Service strategies should identify an employment goal, achievement objectives and appropriate services for each participant. This documentation is necessary to ensure services provided are necessary and reasonable.

**Required Action:** The State must work with the Local Area to develop and implement a corrective action plan to ensure the youth service provider completes both an Objective Assessment and an ISS for all youth program participants including, at a minimum, the criteria listed above. This corrective action plan should detail the technical assistance and training plans to the local area youth service provider on the use of these forms.

**Finding 4: Youth Council Not Performing Required Duties – Region 7**

(Objective 1.2 - Service Design)

Region 7’s Youth Council is not performing all of the WIA mandated functions. 20 CFR 661.340 lists the responsibilities of the Youth Council.

A review of the Youth Council meeting minutes for the past four (4) quarters and an interview with the Youth Advisory Council Chair indicate that the Youth Council is not performing the following duties and responsibilities set forth in the WIA: coordinating local area youth activities, developing portions of the local plan related to eligible youth, conducting oversight of local youth service providers, and establishing linkages with other organizations serving youth in the local area.

**Required Action:** The State must work with the local WIB to develop and implement a corrective action plan that will ensure that the Youth Council performs the required duties. This plan must include providing technical assistance to the local board. We expect that meeting the

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required duties can be demonstrated by meeting minutes showing Youth Council activities in accordance with 20 CFR Section 661.340 (a-e).

### **Finding 5: Lack of Promotion of 10 Youth Program Elements - Region 8** (Objective 1.2 - Service Design)

Region 8 youth participant files showed no evidence that all 10 program elements are actively promoted and delivered to youth participants. 20 CFR 664.410(a) states that local programs must include each of the 10 program elements listed in WIA section 129(c)(2) as options available to youth participants. These elements include tutoring; alternative secondary school offerings; summer employment; paid and unpaid work experiences; occupational skill training; leadership development opportunities; supportive service; adult mentoring; follow-up services; and guidance and counseling.

The review of all 6 youth participant files disclosed that neither the ISS form nor the initial objective assessment included a list of the 10 youth program elements or available youth services, indicating participants were not informed of the full array of services. The file review revealed the majority, but not all, services offered to eligible youth can be categorized as basic program design framework activities (i.e. assessment, intake, eligibility determination, ISS); occupational skills training; and supportive services. Interviews with youth program staff disclosed a lack of awareness of all 10 youth elements and the requirement that all must be made available to youth participants.

**Required Action:** The State must ensure that the local WIB works with the youth service provider to ensure all 10 elements are available and discussed with eligible youth. Also, the must ensure that at a minimum, the ISS and assessment forms used in the local area contain all 10 program elements.

### **Finding 6: Inadequate Youth Council Membership and Fulfillment of Youth Council Responsibilities - Region 8** (Objective 1.2 - Service Design)

In Region 8, the entity that serves as the Local Area Youth Council, Child Development Center (CDC), does not meet the membership requirements of a Youth Council nor is it fulfilling the responsibilities of the Local Area Youth Council.

Section 117(h)(1) of the Act requires that a Youth Council be established as a subgroup of the local board with required membership as stipulated in WIA Section 117(h)(2). Duties of the Youth Council are set forth in Section 117(h)(4) and detailed in 20 CFR 661.335 and 661.340. These duties include coordinating youth activities; developing portions of the local plan related to eligible youth as determined by the chairperson of the Local Board; recommending eligible youth service providers; conducting oversight with respect to eligible providers of youth



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activities in the local area; and carrying out other duties, as authorized by the chairperson of the Local Board.

Region 8's CDC Council serves as the Local Area Youth Council. The individual members of the CDC do not meet the membership requirements of a Youth Council as it is primarily made up of Job Corps staff. Membership does not include representation from service agencies, local public housing, parents of eligible youth or former participants. Additionally, the CDC meetings focus on Job Corps related issues and do not take up the other required duties that a local area Youth Council should address.

**Required Action:** The State must ensure that the Local WIB establishes a Youth Council which meets the requirements of WIA and recruit the required members. The State must also ensure that training, appropriate guidance and technical assistance is provided to the Board and Council so that the respective required duties are carried out.

### **Finding 7: Inadequate Service Provision to the Entire Youth Cohort – Regions 7 and 8** (Objective 1.2 - Service Design)

Region 7 and Region 8 youth service providers are not actively promoting and providing services to youth aged 14 or 15.

As described in WIA section 101(13)A and 20 CFR 664.200, eligible youth are individuals aged 14 through 21. Additionally, WIA section 129(c)(3)(A) provides that each local board shall ensure that each eligible youth shall be provided information on the full array of applicable or appropriate services that are available through the local board or other eligible providers.

Staff interviews, participant file reviews and a review of youth program promotional materials revealed youth aged 14 or 15 are not actively recruited and provided WIA youth services in both local areas. Eligible youth aged 14 or 15 are denied information on the full array of applicable youth services available and are turned away from receiving services. Region 8 staff stated that youth aged 14 or 15 cannot secure work permits in the State of Iowa and therefore, cannot be enrolled in WIA youth programs. Region 7 staff stated the Local Board directed them not to enroll 14 or 15 year olds into WIA youth programs. Additionally, in Region 7, some of the promotional materials (i.e. flyers, posters) advertised the WIA youth program as available to individuals "between the ages of 16-21".

**Required Action:** The State must ensure that Region 7 and 8 provide information on the full array of applicable or appropriate services that are available to the entire eligible youth cohort aged 14 through 21.



## **AREAS OF CONCERN**

### **Area of Concern 1: Outdated Labor Market Information (LMI) Data in Local Area Plan – Region 7 and Region 8**

(Objective 1.1 - Strategic Planning)

A review of Region 7's and 8's local area plans revealed that they did not contain the necessary LMI to adequately meet requirements set forth in 20 CFR 661.350(a)(2). WIA regulations 661.350(a)(2) specifically require that the local plan identify "current and projected employment opportunities and job skills necessary to obtain such opportunities."

A review of the local area plans showed that the LMI data was outdated. Region 7's plan had LMI data from 2008. Region 8's local area plan had data from 2007. Without the inclusion of current and projected LMI, it is difficult for the local area to develop and implement effective employment and training services that maximize the likelihood of program participants achieving their employment and/or training goals.

**Recommendation:** The State is in the process of submitting a new State Plan, which will also incorporate new local plans. The State should work with Region 7 and 8 to ensure that the Local Area Plans meet all of the requirements established in 20 CFR Section 661.350 of the WIA regulations. The State should further ensure that the Local Area Plan is being fully implemented and integrated into the planning, design and delivery of WIA services. The State may consider reviewing its procedures to ensure it has an adequate process for defining when a local area must update its plan, in accordance with 20 CFR 661.355.

## **Core Activity 2: Program and Grant Management Systems**

## **COMPLIANCE FINDINGS**

### **Finding 8: Inadequate One-Stop Partners' Memorandum of Understanding (MOU) - Region 7**

(Objective 2.1 - Administrative Controls)

The MOU between the local board and the One-Stop partners in Region 7 does not adequately describe how each partner will share in the operating costs of the One-Stop system. 20 CFR 662.270 indicates that the MOU must describe the particular funding arrangements for services and operating costs of the One-Stop delivery system. Section 662.300 further describes the required content of an MOU.

The MOU is the primary means for coordinating the services of the One-Stop partners. It is the document that establishes how each One-Stop partner will participate in the local system, both financially and programmatically. It is critical that these kinds of decisions around roles and sharing of costs be documented in an MOU. It is unclear in Region 7 how each partner agency is

aware of its role in and its financial commitment to the local One-Stop system, given that this is not a part of the MOU that is in place.

**Required Action:** The State must ensure that the local board and the One-Stop partners establish an MOU that contains all of the provisions required in the regulations.

### **Finding 9: Lack of a Comprehensive Corrective Action Plan for WIA Failed Performance – Region 8**

(Objective 2.1 - Administrative Controls)

At the time of the review Region 8 did not have a comprehensive corrective action plan in place to address failed performance measures under WIA, as described in the State's Corrective Action Plan (CAP) dated January 17th, 2012. Due to the State consecutively failing the Dislocated Worker Employment and Credential Rate, Older Youth Credential/Certificate Rate and Younger Youth Skill Attainment Rate WIA measures in PY09 and PY10, the State was required to establish a CAP with ETA. The State's CAP dated January 17th, 2012 states that "all regions that did not meet or exceed their performance goals have been placed on technical assistance plans with the assigned program coordinator."

The absence of a Region 8 corrective action plan that addresses each failed or failing performance measure makes it difficult to ensure improvement of local area performance outcomes. Furthermore, the lack of a corrective action plan makes it difficult for the assigned IWD program coordinator to conduct proper oversight and/or provide necessary technical assistance to the local area.

During the Region 7 on site review, the State provided the reviewer with a newly established corrective action plan for Region 8. A review of that corrective action plan revealed that it only addressed the Dislocated Worker Average Earnings and Dislocated Worker Credential Rate. However, a review of the PY 2009 and PY 2010 performance outcomes for the local area indicate that in PY 2009 the local area failed the Adult Credential Rate, Dislocated Worker Earnings Change, Dislocated Worker Credential Rate, Older Youth Skill Attainment Rate, Older Youth HS Diploma/GED attainment Rate, Older Youth Retention Rate. For PY 2010, the local area failed the Adult Entered Employment Rate, Adult Average Earnings Rate, Dislocated Worker Credential Rate, Older Youth Entered Employment Rate, Older Youth Credential Rate. The local area reported "n/a" for the Younger Youth Skill attainment Rate and Younger Youth HS Diploma/GED Rate. Furthermore, performance data provided to the reviewer for PY 2011 revealed that the local area is currently failing its Adult Employment and Credential Measure, Dislocated Worker Retention Rate, Dislocated Worker Average Earnings Change, Older Youth Retention Rate, Older Youth Earnings Change.

**Required Action:** The State must ensure that Region 8 has a corrective action plan that addresses each failed measure and/or each measure they may be in danger of failing. The



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corrective action plan should also include any other factors that may be contributing to poor or failed performance.

### **Finding 10: Lack of Performance Management for WIA Failed Measures – State** (Objective 2.1 - Administrative Controls)

The State's performance management does not meet the performance management requirements in 20 CFR 666.420. Section 666.420(b) of the WIA regulations states that "if a local area fails to meet the levels of performance agreed to under 666.310 for the core indicators of performance or customer satisfaction indicators for a program for two consecutive program years, the Governor must take corrective actions."

A review of performance data shared by the State and discussions with IWD staff regarding the State's failed measures in PY 2009 and PY 2010 indicated that several local areas throughout the State have failed the same performance measures for two consecutive years. Furthermore, a review of the State's acceptance of duplicative and outdated Regional Corrective Action Plans also indicates a lack of performance oversight.

An analysis of performance in Region 7 revealed that they are currently failing several performance measures in addition to a history of failing performance measures. The local area has failed several of its negotiated performance goals for PY 2009, PY 2010 and PY 2011. Specifically, the local area failed 8 measures in PY 2009, 6 measures in PY 2010, and at the time of the review was failing 11 measures in PY 2011.

Also, analysis of Region 8's performance outcomes for PY 2009, PY 2010 and PY 2011 shows that the local area failed six measures in PY 2009, failed five measures in PY 2010 and at the time of the review was failing five measures in PY 2011.

Unless an immediate and thorough performance improvement plan is established and implemented, the local areas will likely continue to fail several measures in PY 2011 and other subsequent years. Ultimately, continued poor local area performance will have a negative impact on the State's ability to meet its overall State level negotiated performance goals.

**Required Action:** The State must take corrective action, as required by Section 666.420(b) of the WIA regulations. As described in the regulations "the corrective action may include the development of a reorganization plan under which the Governor 1) requires the appointment and certification of a new Local Board; 2) Prohibits the use of particular service providers or One Stop partners that have been identified as achieving poor levels of performance; or 3) requires other appropriate measures designed to improve the performance of the local area."



### **Finding 11: Lack of Oversight/Monitoring by Local Board - Region 7** (Objective 2.1 Administrative Controls)

The Local Board is not performing its required function of oversight of the local One-Stop system. Section 661.305(a)(1) states that the Local Board is responsible for “conducting oversight of the One Stop system, youth activities and employment and training activities under title I of WIA.”

The One-Stop Director indicated that the local board is not conducting oversight/monitoring of the local One-Stop system and WIA programs and activities. The purpose of such oversight is to ensure that the local system is operating effectively and in compliance with the WIA statute and regulations, and is achieving performance goals, and enables the board to make this assessment of its local system.

**Required Action:** The State must ensure that all local boards perform the required oversight/monitoring responsibility. The State must provide an assurance that each local board has completed its oversight/monitoring function. The State’s response should provide a time frame for when local boards anticipate completing local area oversight/monitoring.

### **Finding 12: Procurement – Lack of Conflict of Interest Forms – Region 8** (Objective 2.7 - Procurement)

In Region 8, the fiscal agent, Council of Governments, Inc. (COG), did not require their local board members and staff members of the fiscal agent, engaged in the award and administration of contracts, to complete conflict of interest disclosure statements.

29 CFR Part 97.36(b)(3) requires, “The recipient shall maintain written standards of conduct governing the performance of its employees engaged in the award and administration of contracts.” Assurances signed by each grantee require each grantee to establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest, or personal gain.

A conflict of interest disclosure form is used to either document a real or apparent conflict or to confirm that no conflict is present when Board or staff members are involved in the development, review, evaluation and award of grants and contracts. Without the completed conflict of interest disclosure form in place there is no way to confirm the grantee performed its due diligence in their procurement process.

Region 8 Council of Government’s fiscal policy and procedures addresses and defines conflicts of interest, but does not include a method for staff or board members to document their understanding by signing disclosure forms. During our review the Executive Director provided us with a draft copy of the policy and disclosure form, which would address the issue for the

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local area pending the implementation of the policy, including the use of the disclosure form, and signatures of all of Region XII COG staff and board members on disclosure forms.

**Required Action:** The state must ensure that the COG Board members sign conflict of interest statements regularly to reflect any changes in their position or interests and provide copies of the signed disclosure statements to the Regional Office.

In addition, the State must review the conflict of interest policies and procedures of its local areas and fiscal agents to ensure they comply with the requirements of 29 CFR Part 97.36. The State must provide confirmation that all areas are in compliance with 29 CFR 97.36 and meeting the required assurances.

### **Finding 13: Failure to Provide Proper Procurement Actions- Region 7** (Objective 2.7 - Procurement)

Region 7 did not comply with the competitive procurement requirements when selecting the current youth service provider for PY 2010 and PY 2011, as required by WIA Sections 117 & 123; 29 CFR 95.43; and TEGL 09-00. WIA Section 117(d)(2)(B), requires that Local Boards identify eligible providers of youth activities by awarding grants and contracts on a competitive basis. WIA Section 123 requires that eligible providers of youth activities be identified by awarding grants or contracts on a competitive basis, based on recommendations from the youth council and the criteria contained in the State plan.

TEGL No. 09-00 dated January 23, 2001, states that “procurement actions must be conducted in a manner that provides for full and open competition and prevents the existence of conflicting roles that might bias judgment and cause unfair competitive advantage, as described under regulations at 29 CFR 95.43. Such actions must assure separation of those who develop or issue the solicitation, or are involved in the selection process, from those who bid upon it.”

Accordingly, an identifiable sub-unit of the local government or non-governmental organization may not submit a bid or an offer on a grant or contract solicitation if that sub-unit is involved in the development of the solicitation, the review, evaluation and selection process, or the ongoing post award administration (including oversight) of the award.

The procurement regulations also require that supporting documentation of the significant history of each procurement action be maintained as described under 29 CFR 97.36(b)(9) and 95.46. Such documentation must include a rationale for: the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price. Such documentation also includes evaluation criteria or rating factors to support the provider's ability to perform successfully, with consideration given to integrity, compliance with public policy, record of past performance, in addition to financial and technical resources, that follow State and Federal guidelines.



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During the review, ETA staff requested the procurement files for the last two program year cycles of WIA youth services from Region 7. The WIA Director was able to provide a procurement file for PY 2012, which begins on July 1, 2012, but could not locate or provide the procurement files for PY 2010 and PY 2011.

**Required Action:** The state must work with the local area to provide evidence that costs incurred during PY 2009 and PY 2010, when the services were not procured, were allocable, reasonable and necessary. The State must also ensure that the procurement Region 7 did for the Youth Program for PY 2012 met the procurement requirements as required by procurement requirements noted in Title 29 CFR Part 95.43, WIA Sections 117 & 123, and TEGL 09-00. This review of the PY 2012 procurement should take into consideration the issues discussed in Finding 14. If it is determined that the procurement was not done properly then the state must ensure that Region 7 conducts a proper procurement for the PY 2012 Youth Program immediately. The State must also ensure that Region 7 has sufficient procurement policies in place to properly guide future procurements.

### **Finding 14: Lack of Separation of Duties & Conflicts of Interest – Region 7** (Objective 2.1 - Administrative Controls) & (Objective 2.7 - Procurement)

Our review disclosed that there is a lack of internal control over the separation of key duties and functions performed by the Hawkeye Community College in Region 7. As a result, we identified both a “real and apparent” conflict of interest regarding the staff of the Community College performing various procurement functions that involve the awarding of WIA funds to the Hawkeye Community College.

Title 29 CFR Part 95.42 governs grantees during the awarding and administration of grants and contracts and requires that, “No employee, officer, or agent shall participate in the selection, award, or administration of a contract supported by Federal funds if a real or apparent conflict of interest would be involved. Such a conflict would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in the firm selected for an award.”

Further, Title 29 CFR Part 95.43 also states, “The recipient shall be alert to organizational conflicts of interest as well as noncompetitive practices among contracts that may restrict or eliminate competition...In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, invitations for bids and/or requests for proposals shall be excluded from competing for such procurements.”

In our review of Region 7, we noted that individuals of Hawkeye Community College are employed as staff to the WIB Board, and perform roles of the Administrative Entity, Fiscal Agent, One-Stop Operator, and the WIA Provider. There is a lack of separation of duties which



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results in a real and apparent conflict of interest and lack of internal controls. In addition, we also noted that these individuals are involved in the development of solicitations, conduct proposal evaluations, and awarded funds to Hawkeye Community College.

We also noted that Hawkeye Community College did not take any actions to separate functions, roles, or responsibilities of key staff involved in the management, award, and administration of all ETA funds; nor did it create and implement any internal controls to mitigate these “real and apparent” conflicts.

Finally, we noted that this organizational structure is common in the State of Iowa regarding the administration of ETA grant funds. The Community College system within the state is vested with multiple roles in each local workforce area which creates conflicts of interest in the award of grant funds, the evaluation of service providers, the selection of training by participants, and the compliance with WIA and the Regulations governing the management of these funds.

**Required Action:** Region 7 must immediately comply with the procurement requirements of Title 29 CFR Part 95.42-43 regarding the real conflicts of interest involving individuals employed by Hawkeye Community College. In addition, IA DWD must review the codes of conduct of its Regional Areas to determine if they comply with the procurement requirements; ensure that individuals involved in the development, evaluation and awarding of funds complete disclosure forms, are prohibited from these processes, and ensure that the Community Colleges establish internal controls to mitigate these conflicts.

### AREA OF CONCERN

#### **Area of Concern 2: Inadequate Monitoring by the State** (Objective 2.1 - Administrative Controls)

The State’s monitoring efforts are limited in scope and do not adequately assess all relevant areas of WIA program management and operation at the local level. The State’s monitoring focuses on review of participant files, and as a result, other important factors in the management and operation of WIA programs are overlooked. For example, the State’s monitoring does not include a review of the local area’s governance or service delivery structure, a review of local policies and procedures nor an adequate review of financial management and accounting procedures.

Without a State level monitoring system that can assess and ensure that local areas have established policies, strategies and governance structures to achieve program quality and outcomes it will be difficult for the State to conduct proper oversight, manage and ensure the delivery of quality employment and training services.

**Recommendation:** The State must ensure that its monitoring is comprehensive as required by 29 CFR 97.40. It should allow for the assessment of the structure and framework of any given local

area, as well as of service provision, with the goal of ensuring effective program management and operation, as well as achievement of performance.

### **Area of Concern 3: Alternative Trade Adjustment Assistance (ATAA) is Identified as Reemployment Trade Adjustment Assistance (RTAA) in the Case Management System - State**

(Objective 2.9 - Reporting Systems)

The State case management system and Trade Readjustment Allowances (TRA) forms identify ATAA and RTAA interchangeably. ATAA is listed as RTAA in the case management system visible to and utilized by State Trade staff. Additionally, TRA record print outs utilized by case managers in participant files incorrectly identify ATAA as RTAA. This inaccuracy does not impact program reporting. However, the programs have different eligibility requirements and benefits and should be properly identified to prevent case manager confusion.

**Recommendation:** All tracking of RTAA should be correctly identified by the State. Updates to the Information Technology system to correctly classify the program are strongly urged to properly identify the two programs.

## **Core Activity 3: Financial Management Systems**

### **COMPLIANCE FINDINGS**

#### **Finding 15: Low NEG Expenditures - State**

(Objective 3.1 - Budget Controls) & (Objective 3.6 - Internal Controls)

The State's history of low NEG expenditures, de-obligations and revised quarterly reports reveals that it is not adequately meeting the requirements of Uniform Administrative Requirements 29 CFR Part 97.20(b)(4). Specifically 29 CFR Part 97.20(b)(4), standards for financial management system, state that "Actual expenditures or outlays must be compared with budgeted amounts for each grant or sub-grant. Financial information must be related to performance or productivity data, including the development of unit cost information whenever appropriate or specifically required in the grant or sub-grant agreement."

A review of the State's NEG's shows that of the 11 active NEG grants at the time of the review, six appeared to be significantly under expended. These low NEG expenditure rates for these six NEG's reveals that the State is not fully utilizing its requested and approved NEG grant awards. The chart below illustrates the level of expenditures for the six NEG's that are under-expended. In addition, discussions with IWD staff indicate that the State bases its NEG application funding requests on a one-third uptake rate of all Rapid Response surveys received.

Without on-going communication and information sharing between the IWD Fiscal and NEG program unit, the State will have continued difficulty in submitting timely and accurate fiscal



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reports, vetted NEG application amounts, vetted NEG modification amounts and ultimately fully expending NEG award amounts. Another factor is that the actual participant take-up rate for services may be lower than originally anticipated in the grant application. Ultimately, unless the State ensures that all expenditures are reported on an accrual basis, overall NEG expenditures will continue to appear lower than if they are accounted for accurately. Furthermore, unless the State revisits its basis for formulating NEGs, better assesses take-up rates, as well as the likelihood of employer recall and/or revisiting service delivery strategies, the State will likely continue to have low expenditure rates.

Current NEG Expenditures				
NEG	Award	Expenditures 3/31/2012 QPR	% of grant award	Time Lapse
OJT	\$990,347	\$615,390	62%	Start date: 6/2010 End date: 6/2012 Grant ended
RR Donnelley	\$664,074	\$425,783	64%	Start date: 7/2009 End date: 6/2011 Grant ended
Rockwell Automation	\$775,351	\$318,425	41%	Start date: 7/2010 End date: 6/2013 Time lapsed: 75%
Severe Storms Disaster	\$2,000,000	\$864,213	43%	Start date: 7/2010 End date: 6/2012 Grant ended
Skyjack- Freudenberg/NOK	\$612,890	\$226,361	40%	Start date: 7/2010 End date: 6/2012 Grant ended
Thermo Fisher	\$573,416	\$379,061	66%	Start date: 7/2010 End date: 6/2012 Grant ended

**Required Action:** The State must ensure that it has a mechanism in place to more accurately project the need for and then fully expend NEG grant awards. This plan must include how the state will modify its initial 'uptake' estimates based on data to more accurately reflect the true needs of the event. In addition, once awarded, the plan should include how the state will track and manage expenditures. For example, this may include ensuring ongoing communication and information sharing with the fiscal unit, establish the role of the fiscal unit in the development of

NEG applications, modifications and quarterly reports, as well as its role in the tracking and oversight of NEG fiscal activities. The State's expenditure strategy should also ensure that all local operators of WIA formula programs and NEG project operators report expenditures on an accrual basis; all NEG operators are working with participants to ensure the optimum provision of services as indicated on the planning form and consider requiring NEG project operators to provide monthly updates on expenditures and performance outcomes.

**Finding 16: Lack of Cost Allocation Policies and Procedures – Region 7**  
(Objective 3.4 - Cost Allocation)

The fiscal agent, Hawkeye Community College, did not have written policies and procedures for allocating program, staff time, and general administrative costs to its federal grant programs.

2 CFR Part 215.21(b)(6) states, "Recipients' financial management systems shall provide for the following... Written procedures for determining the reasonableness, allocability, and allowability of costs in accordance with the provisions of the applicable Federal cost principles and the terms and conditions of the award."

A review of sample transactions revealed the fiscal agent did not have written policies and procedures in place to allocate costs among all the ETA grant programs. As a result the fiscal agent could not provide appropriate documentation to support any of the costs allocated to ETA programs. In addition, this finding was also noted in the entity's 2009-10 A-133 Single Audit report. The entity has not taken correction action to resolve this finding. Failure to implement a cost allocation policy will result in questioned costs.

**Required Action:** The Hawkeye Community College must develop and implement written policies and procedures for distributing cost among grant programs as required by 2 CFR Part 215.21. A copy of these procedures must be provided to the ETA Regional Office. The state must also require the Hawkeye Community College to review past charges to our grants to ensure they are allowable.

**Finding 17: Lack of Accrual-Based Reporting – Rockwell NEG - Region 7**  
(Objective 3.7 - Financial Reporting)

The Project Operator is not reporting expenditures for training (tuition via an ITA) on an accrual basis. In accordance with 20 CFR 667.300(c)(3), expenditures must be reported on an accrual basis. The reviewer found that training costs, in the form of tuition payments, are not being reported to the State grantee until after payment is made on the vendor's invoice. As a result, when the grantee submits its fiscal reports, expenditures appear lower than they actually are.



**Required Action:** The State must ensure that the Project Operator understands and implements accrual-based reporting of expenditures. The State must provide any technical assistance needed.

### Core Activity 4: Service/Product Delivery

#### COMPLIANCE FINDINGS

##### **Finding 18: Eligible Training Provider List (ETPL) Does Not Ensure Customer Choice – State**

(Objective 4.1 - Operating Systems)

There was no indication in the participant files that participants are using the State's ETPL, or any other process, to choose the most appropriate training provider.

In accordance with 20 CFR 663.440, training services, whether via Individual Training Accounts (ITAs) or contracts, must be provided in a manner that maximizes informed consumer choice in selecting an eligible provider. The regulations further state that each Local Board, through the One-Stop center, must make the State's Eligible Training Provider List (ETPL) available to customers. In the majority of participant files reviewed in both Region 7 and 8, the participants were, or currently are, enrolled in training programs through the local area's community college, but there was no indication of how or why the particular community college, which also happens to be the One-Stop Operator in each region, was chosen as the training provider. When asked about how the ETPL is being used, the State and local area staff indicated that it is not used. The State indicated that the current system that houses the ETPL does not allow users to search for training providers in a manner that facilitates customer choice; the only search mechanism is by training provider, as opposed to by training program.

**Required Action:** The State must ensure that Regions 7 and 8 provide for maximum customer choice in the selection of the most appropriate training provider. At a minimum, the case managers must make the full range of training options information on the ETPL available to all training-eligible participants. This process is particularly important as there is an inherent conflict of interest with the community college being the one stop operator (which should be a neutral broker of training services) and the predominant provider of training services. The State must modify its ETPL system to allow for a means of full access by each participant to all program and provider information that is in the ETPL. The case managers should document in the participant files how and why a given training provider was selected by each eligible participant. The State must also ensure that the ETPL is being used by customers and case managers in all of its local areas as a tool for selecting the most appropriate training program from any eligible provider.

### **Finding 19: Inappropriate Criteria for Training Eligibility and Funding in the Rockwell NEG - Region 7**

(Objective 4.2 - Participant Files)

The Project Operator uses a participant's unmet financial need to make determinations regarding eligibility and the amount of funds provided for training services.

The regulations at 20 CFR 663.310 are clear that a dislocated worker is eligible for training services if he/she has received at least one intensive service and has been determined to be unable to obtain or retain employment at a self-sufficient wage through such services. An individual's unmet financial need is not an eligibility factor. Furthermore, the Project Operators' joint policies developed for this NEG establish a \$5,000 cap on ITAs. This ITA policy, not an individual's unmet financial need, should be applied when committing funds for a participant's training program.

The file review showed that the project operator identifies a participant's unmet financial need (i.e. resources versus expenses) and then uses that unmet need amount as the basis for the amount of NEG funds that can be committed to the participant's training and/or support services. This analysis is called the "Financial Needs Determination" or FND process. When a participant's unmet financial need calculation generates a NEG payment which is not sufficient to cover the full costs of the agreed-upon training program, the participant is left having to take out loans, or find some other means, to cover the outstanding training costs. In one of the five files reviewed, the FND form included a hand-written note from the case manager indicating that the "additional costs of training were covered by student loans." The FND form used by the Project Operator also includes a standard clause that states that, if total resources are greater than total expenses, the participant is not eligible for WIA training and support services.

According to the State and Project Operator, this FND practice described above is in accordance with long-standing State policy and is reflected in both the State and local plans. The reviewer found that Region 7's local plan indicates that the FND policy applies to all WIA Adults and Dislocated Workers.

While the FND practice is suitable for determining a participant's need for supportive services, it may not play a role in making decisions regarding an individual's eligibility for training and/or the level of funds that can be committed to cover the costs of an agreed-upon training program. In addition to being out of compliance with the WIA regulations, this practice appears to be contributing to the significant under expenditure of many of the State's NEG's.

**Required Action:** Both the State and Region 7 must revise their policies governing the use of the Financial Needs Determination, limiting its use to the provision of supportive services and explicitly prohibiting its use for making decisions for awarding training services. The revised policy(ies) must be implemented immediately. The State must ensure that all of the Project Operators for the Rockwell NEG are using the joint ITA policy mentioned above to make



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funding decisions for participant training services. The State should also ensure its State policies do not require this determination for purposes of providing training for WIA programs statewide.

### **Finding 20: Lack of Evidence of Customer Choice in Training Provider Selection – Rockwell NEG - Region 7 (Objective 4.2 - Participant Files)**

There was no indication in the participant files that participants are using the State's ETPL, or any other process, to choose the most appropriate training provider.

In accordance with 20 CFR 663.440, training services, whether via ITAs or contracts, must be provided in a manner that maximizes informed consumer choice in selecting an eligible provider. The regulations further state that each Local Board, through the One-Stop center, must make the State's Eligible Training Provider List (ETPL) available to customers.

In all five files reviewed for Region 7, the participants were, or currently are, enrolled in training programs through Hawkeye Community College, but there was no indication of how or why Hawkeye Community College was chosen as the training provider. When asked about how the ETPL is being used, the State and Project Operator indicated that it is not used. The State indicated that the current system that houses the ETPL does not allow users to search for training providers in a manner that facilitates customer choice; the only search mechanism is by training provider, as opposed to by training program.

**Required Action:** The State must ensure that the project operator provides for maximum customer choice in the selection of the most appropriate training provider. At a minimum, the project operator must make the information on the ETPL available to all training-eligible participants. The State's ETPL must provide access to the provider information. The project operator should document in the participant files how and why a given training provider was selected. The State must also ensure that the ETPL is being used by customers and case managers in all of its local areas as a tool for selecting the most appropriate training provider.

### **Finding 21: Incorrect Transportation Reimbursements in the Rockwell NEG - Region 7 (Objective 4.2 - Participant Files)**

In four of the seven files reviewed for Region 7, participants were reimbursed for transportation expenses at a rate that is different than the rate established in policy for the NEG.

In accordance with the joint policies developed by the three Project Operators for the NEG, for participants dislocated from a non-Trade impacted company, transportation costs are reimbursed at \$.30 per mile, not to exceed \$10.00 per day.

In three of the files, the case manager's notes indicated that the reimbursement was determined using a rate of \$.51 per mile. And, in one of the files, the notes indicated that the daily maximum

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reimbursement was changed over the course of a couple of months from \$12 to \$10 and then back to \$12 per day.

**Required Action:** The Project Operator must ensure that, moving forward, there is a reasonable standard written policy and that all NEG participants are uniformly reimbursed for transportation expenses in accordance with the written policy. For any current NEG participants who are not being reimbursed in accordance with the joint policy, the project operator should provide at least two weeks' notice to the participant prior to changing his/her reimbursement rate. The State must ensure that the three project operators for this NEG are using the rates established in the joint policy when reimbursing participants for transportation expenses.

### **Finding 22: Transportation Expenses not Fully Documented and Included as Training Cost in the Electrolux NEG – Region 8** (Objective 4.2 - Participant Files)

The State did not document transportation costs on the training approval form as part of the total cost of training, and thus did not consider the overall reasonable cost of training for participants dually enrolled in the Electrolux NEG and the Trade Adjustment Assistance (TAA) Program.

20 CFR 617.22(d) and 617.28(d) require States to have forms to document applications for, selection for, approval of, or referral to training, as well as applications for transportation payments. Training approval requirements provided in 20 CFR 617.22(a)(6)(iii) require the State to include transportation expenses to determine the reasonable costs of training. Iowa uses a form to capture training approval requirements which includes a location for the documentation of application for transportation payments. This form is satisfactory; however, the transportation total must be documented on the training form and is part of the training approval process. Failure to do so for the dually enrolled participants in the NEG may result in inaccurate determinations on the total cost of training, budgeting for the grant, and assessment of the grant period of performance.

**Required Action:** Iowa must inform all TAA staff to consistently document the requested transportation amount on the training form and include this amount in the cost of training, prior to training approval in order to appropriately and fully consider the reasonable cost of requested training. The State was informed during the review that active training plans reviewed should be modified to include the cost of transportation. Iowa must confirm that such plans were modified.

### **Finding 23: Timeframe for Enrollment in Training Was Not Met in the Rockwell NEG Region 7** (Objective 4.2 - Participant Files)

In one file, the requirements for enrollment in training were not met in accordance with the required timelines for a participant dually enrolled in the Rockwell NEG and the Trade



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Adjustment Assistance (TAA) Program. Training was approved with all required signatures 83 days before the training began. 20 CFR 617.11 (a)(2)(vii) states a worker shall be considered to be enrolled in training when the worker's application for training is approved by the State agency and the training institution has furnished written notice to the State agency that the worker has been accepted in the approved training program which is to begin within 30 calendar days of the date of such approval. Failure to do so can impact a participant's eligibility for TRA.

**Required Action:** The State must include the definition of enrollment in training to the training approval policy implemented in 2011 to ensure that the participants are enrolled in training per the requirements of the TAA program. The local area and relevant state staff should be reminded of the appropriate process and the definition of enrollment in training. For the file in question, TRA eligibility was not negatively impacted.

### **Finding 24: Waiver from Training Review was Not Conducted and Participant not Exited in the Electrolux NEG - Region 8** (Objective 4.2 - Participant Files)

The required monthly review of the waiver from training was not documented in one participant file and the participant was not exited properly for a dually enrolled participant in the Electrolux NEG and TAA Program.

TEGLs 11-02 Changes I, II and III, in TEGL 22-08, and in 20 CFR 617.19 of the TAA regulations requires States to review waivers monthly 90 days after issuance for Trade Act of 2009 and 2011 participants. Additionally, Common Measures definition of Exit in TEGL 17-05 states that a participant must be exited when the participant has not received a service funded by the program or partner program for 90 consecutive calendar days and is not scheduled for future services. One file did not contain documentation that a participant's waiver from training was reviewed every 30 days. The reviewer did not find evidence of a state or local written policy or procedure to describe how waiver reviews are tracked. Furthermore, the participant was not exited although the date of last service had been over 90 days with no new service identified.

**Required Action:** The State must provide the policy and procedure for conducting waiver reviews. If no policy exists or is insufficient, Iowa must implement a policy and procedure to track waiver reviews, which is consistent among all local areas, and is visible to reviewers, case managers, and Trade staff. Iowa must also verify whether the participant should be exited from the TAA program and must follow its policy on this process for the TAA program.

## **AREAS OF CONCERN**

### **Area of Concern 4: Local Areas Not Meeting Governance Requirements as Required by WIA - State** (Objective 4.1 Operating Systems)

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Required rules, roles and structure of Governance are not met as required in 20 CFR 661. WIA Regulations, 20 CFR Section 661.100 state that “Each State’s Governor is required, in accordance with the requirements of this part, to establish a State Board; to designate local workforce investment areas; and to oversee the creation of Local Boards and One-Stop service delivery systems in the State.”

A review of Region’s 7 and 8 local area governance revealed that both areas have issues relating to local board functions, youth council functions, poor performance. Furthermore, discussions with IWD staff reveal that Community Colleges throughout the State of Iowa’s workforce system have multiple roles as One Stop Operators, WIA Service Providers, Fiscal Agent, Administrative Entity and Staff to the Board. Ultimately, there appears to be governance issues throughout Iowa’s 15 local areas.

**Recommendation:** The State must work with all local areas and ensure that all necessary documents and agreements including but not limited to local area MOUs, CEO-WIB agreements, Local Board-One Stop Operator Agreements, Local Board-One Stop Partner Agreements-Fiscal Agent Agreements meet the requirements of Section 661 and are current. Furthermore, the State must also work with all local areas that utilize Community Colleges for multiple purposes and ensure that they have the proper fire walls in place to ensure a separation of functions.

### **Area of Concern 5: Incomplete REA Electronic Records - State** (Objective 4.1 - Operating Systems)

The State is not capturing complete information related to a claimant’s ongoing participation in the required training programs under REA. A review of the State’s electronic records system (IWORKS) was conducted on 10 client files. It was noted that three of the files had missing information in the “data fields” relevant to the claimant’s REA. Incomplete record management could lead to REA case management staff not receiving full information about the services or activities provided to participants. This could, subsequently, impact the quality of services, as well as lead to inaccurate eligibility decisions.

**Recommendation:** It is recommended the State devise a method of reviewing participant electronic information files for completeness and accuracy.

### **Area of Concern 6: Virtual Access Points Do Not Provide Full Access to WIA Services – State** (Objective 4.1 Operating Systems)

The State’s Virtual Access Points (VAP) do not adequately provide service access to job seekers as described in the State’s VAP Narrative and Guidelines.

The State’s VAP Narrative and Guidelines states that “the purpose of VAPs is to increase access in many Iowa locations that have not had access to service in the past. Job Placement and



Training, Veteran employment options, unemployment insurance, and career and education resources will be greatly enhanced with the new technology that is being utilized at the VAP.”

A live demonstration of the VAP system during the review reveals that job seekers only have access to web links for reading material on a variety of workforce related programs. VAPs are limited to informational descriptions of services and do not facilitate actual self help or staff assisted services that a client may need. Nor is there a mechanism to schedule an appointment to receive such services.

VAP system access (customer interest) is not tracked by program and/or reported into the State’s MIS system nor is there any feedback mechanism to gauge whether the customer’s needs were met. The customer cannot initiate communication with the local One Stop of their interest and/or need to visit or express a need for WIA services. Therefore the One Stop cannot reach out and follow up with the customers.

Without a mechanism to identify the individual VAP customer, track and report VAP usage, the State will not be able to adequately fulfill its goal of creating a true Access point. Without such system enhancement, the value of the VAP is only in the presentation of services rather than true access into the State’s workforce development system.

**Recommendation:** The State should work with its Information Technology staff to ensure that the VAP is connected with the State’s MIS system and that it has the necessary mechanisms to truly connect the VAP customer to program services.

### **Area of Concern 7: Start of Training before TAA Training Approval in the Electrolux NEG – Region 8** (Objective 4.2 - Participant Files)

One file was identified in which a participant, dually enrolled in the Electrolux NEG and Trade Adjustment Assistance (TAA) Program, began training and costs were incurred prior to TAA training approval.

The regulations in 20 CFR 617.25(b)(3)(ii) state that reimbursement from TAA funds of any training costs which were incurred and for which payment became due prior to the approval of the training program is prohibited. The training institution approved the training via a signature dated August 6, 2009. The case manager signed the form on August 10, 2009. The participant began training on September 1, 2009, but the signature needed from State merit staff to formalize training approval did not occur until October 22, 2009. Obligations were incurred before the training approval was formalized with a signature needed from the State TAA office, however, an approval was granted via email on August 29, 2009.

**Recommendation:** The State should remind all local and state staff that no TAA funds can be incurred per accrual reporting and utilized for reimbursement in such situations. Such

occurrences could lead to disallowed costs. TAA funds can only be expended once the training is TAA approved.

**Area of Concern 8: Inadequate Individual Employment Plans (IEPs) in the Rockwell NEG - Region 7**

(Objective 4.2 - Participant Files)

The IEP format and the information provided by the case manager on the IEP forms did not capture sufficient information to justify the services provided to the participants.

It is through the IEP that the appropriateness and/or necessity of services, as required in 20 CFR Part 667.200(c) and Office of Management and Budget Circular A-87, can be determined. The lack of a thorough IEP makes it difficult to determine if the services any given participant received were appropriate. The IEP is intended to be a “living” document that maps out the steps that are necessary for participants to achieve their goals and obtain employment leading to self-sufficiency.

The State-prescribed IEP form asks for Job Title, Employment Goal and Services. It does not capture any participant-specific assessment results that could be tied to the employment goal and/or justify the services provided to any given participant. In some of the files reviewed, where the form asks for “Job Title,” the participant’s Job Title at dislocation is provided and, in others, a Job Title related to the occupational goal is provided. Furthermore, the stated “Employment Goal” for some of the participants appears to be more of a description of services than an actual employment goal. For example, many of the participants had more than one stated employment goal, as the case manager changed the goal each time a new service was provided. For example, when the participant was receiving training, the employment goal was “to complete training and find a job,” and, when the participant started a computer class, the employment goal was changed to “complete computer classes and find a job.”

**Recommendation:** The State should work with the project operator to ensure that the case managers in the local area understand the purpose of the IEP and the importance of completing it thoroughly and in a way that justifies the services that are provided to any given participant. The State and/or project operator may want to consider establishing a standard for the type of information, the level of detail, and the quality of the information that should be maintained in each participant’s IEP. The State may also want to consider combining its prescribed IEP and “Training Enrollment Justification” forms into one comprehensive IEP document. The combination of the two forms would capture all of the information needed to create a high quality IEP.



**Area of Concern 9: Contracts Lacking Performance Reporting Requirements in the Rockwell NEG - Region 7**

(Objective 4.1 - Operating Systems)

The contracts between the State and the NEG Project Operators do not include any participant reporting requirements, but rather only identify the financial reporting requirements.

The State, as the grantee for this NEG, is required to submit a participant report (9104) each quarter to USDOL/ETA. While the State and the project operators have a verbal understanding of the participant reporting requirements and data needs for completion of the 9104 report, and the State has always fulfilled this requirement, it is a sound business practice to include the process and requirements in the project operator contracts. This helps to ensure that the State continues to meet this reporting requirement throughout the life of the grant.

**Recommendation:** The State should formalize the participant reporting process and requirements in the contracts/agreements with the project operators. The State should apply this sound practice to all of its NEG.

**Area of Concern 10: The Work Opportunity Tax Credit (WOTC) Unit is backlogged – State**

(Objective 4.1 - Operating Systems)

The Iowa WOTC Unit has an outstanding backlog of more than 38,000 applications.

At the time of the review, Iowa's total backlog was 38,380 applications. Eight hundred and thirteen applications were submitted in 2010, 22,543 applications were submitted in 2011 and there were 15,024 pending application from 2012. This presents a significant concern considering a great emphasis has been placed on the "Vow to Hire Heroes Act," initiative for the 2012 year.

The Regional Office provided technical assistance in 2011 with the goal of streamlining the WOTC processing, which included talks of automating the system, in an attempt to eliminate the backlog. The automation upgrade has been delayed.

**Recommendation:** The Iowa WOTC unit should develop a plan of action to eliminate the outstanding backlog and decrease the number of applications in the queue. The plan should lay out specific details on how the State plans to eliminate the backlog and how future backlogs will be prevented. This proposal should be sent to the Regional Office for approval.

**NOTABLE PRACTICES****Notable Practice 1: Case Management Strategies- Electrolux NEG (IA-50) - Region 8**

The State of Iowa has implemented two unique activities in the Electrolux NEG. First, NEG participants are required to interview at least one person working in their occupational field of interest. The participant must locate this person on his/her own effort, through networking with friends/family, or by inquiring of the training provider for referrals. The completed interview form is then placed in the participant's file as documentation that this has occurred. The interview asks qualitative questions of the interviewee, and helps the participant to gauge on a 'real-world' basis whether or not the occupational field of interest will be a good fit for him/her and thus subsequent training interests. Furthermore, participants are also required to respond to their case managers with an explanation for any courses in which they earned a "D" or "F" grade. Documentation containing these responses is placed in the participant's file. This encourages increased dialogue between the participant and his/her case manager, as well as more effective tracking of the participant's progress in training. Instituting these case management activities as part of this grant facilitates participant ownership in and accountability to their IEPs. During the case file review, the reviewer noted that participants secured jobs in the field of occupational training. Ultimately, these practices help improve participant completion and success rates of the training programs, as well as assisting participants achieve their employment goals.

**Notable Practice 2: Assessments and Labor Market Information Requirements for Classroom Training Plan Approval Policy for Co Enrolled TAA Participants**

The documentation of participant interest and ability assessments, and the use of labor market information (LMI) were present, consistent, and thorough in all of the Trade funded Electrolux and Rockwell dually enrolled National Emergency Grant (NEG) participant files reviewed. The State policy clearly documents a process that establishes the consistent use of LMI data to describe employment opportunity assessments for the local job market as well as linking participant interests to the job market and training opportunities is notable.

The assessment outcomes were easy to read and clearly indicated a relationship between the case manager, the participant, and the participant's occupational goal. The LMI appropriately documented the lack of suitable employment available which is required under TAA as a condition for training approval and the Dislocated Worker unlikely to return criteria defined in WIA Section 101(9)(A). The approach with LMI taken by the Iowa Trade Office could be of use to other program areas within Iowa as well as states that have difficulty using LMI in this context.



## **Core Activity 5: Performance Accountability**

### **Finding 25: Not Scheduling Enough REA's to Meet Performance - State** (Objective 5.2 - Performance Outcomes)

The State did not schedule enough claimants for REA's to meet performance. At the time of the review the state had scheduled 6821. In the State's 2011 REA grant it agreed to schedule 10,000 REA's during the 12 month performance period of April 1, 2011 through March 31, 2012. The state is required to report to ETA on the 9128 form the number of all REA's scheduled. During the full performance period of the grant, the state scheduled 9,508 REA's.

**Required Action:** The reporting period for the 2011 REA grant has now expired. ETA requires the state review its current scheduling for their 2012 REA grant, make adjustments if needed, and ensure enough REA's are scheduled to meet or exceed performance as outlined in their grant agreement. The State should continue to periodically review their numbers and make necessary adjustments.

## **AREA OF CONCERN**

### **Area of Concern 11: Amount of Time Being Allotted for REA In-Person Eligibility Assessment - State** (Objective 5.2 - Performance Outcomes)

ETA requires the state to identify the amount of time being allocated to each claimant during the eligibility assessment in the state's grant application. ETA's UIPL 10-11, Attachment A, provides guidance to states on what to include in their application including identifying the amount of staff time that will be allocated to each REA. Iowa's 2011 REA grant identified how much time would be allotted for each initial REA and subsequent REA. While interviewing the REA Case Manager at the Des Moines One-Stop responsible for the in-person eligibility assessment it was discovered that the time allotted for the REA's had been reduced from 30 minutes to 15 minutes due to a having one less staff assigned to do the eligibility assessments. Iowa management indicated that they were not aware of this reduction in time.

**Recommendation:** ETA recommends the state review and makes appropriate adjustments to the time being allotted to current REA claimants

- End of Report -